

The complaint

Ms M complains that Barclays Bank UK PLC trading as Barclaycard recorded incorrect information on her credit file and hasn't provided her with the service it should have.

What happened

Ms M said that information on her credit file from one provider showed her Barclaycard account to be in default with an outstanding balance and that there were no updates from February 2018. She wanted to understand why Barclaycard stopped reporting up to date information to the credit reference agency and noted that another credit reference agency showed her account as being open, with her payment history up to date and a credit limit of £3,600. Ms M also said that when she called Barclaycard, she was told her account had been closed in February 2018.

Ms M complained that she hadn't been provided with clear information about the status of her account. She said her paper statement showed a credit limit of zero and her account in persistent debt and card suspended. She said that although the limit to spend/withdraw was zero her daily cash machine limit was noted as £500. In contrast her telephone banking details stated her credit limit to be £3,600 with available limit of £2,294. Ms M said she needed clarity as to the status of her account.

Ms M also said that she had received several letters for paydown plans. But despite her discussions about this Barclaycard refused to implement a paydown plan unless she completed an income and expenditure form. Ms M said she wasn't happy to do this as she found it intrusive.

Barclaycard issued a final response dated 10 January 2023. It apologised for the information previously provided in regard to the reporting to credit reference agencies. It established that Ms M's account wasn't being correctly reported to one of the credit reference agencies and said this had been amended and the information updated so this credit report should now show the accurate status. It confirmed that Ms M's account was closed and said while the account was closed it can't reduce the credit limit and this remained at £3,600. But it confirmed that as the account was closed there was no limit available to spend. It accepted that Ms M was incorrectly told her account had been closed in 2018 and said that the account was closed in November 2010. Due to the time that had passed it said it didn't have the notes available from when the account was closed.

Regarding Ms M's account status and information, it said that her available limit was zero and that it was a standard account feature to be able to withdraw £500 cash daily, but this should be disregarded due to the account being closed. It apologised for the confusion caused by the information provided by its automated system but reiterated that it can't remove her credit limit of £3,600 and this information is picked up by the automated system.

Barclaycard said that the income and expenditure assessment was undertaken to ensure any plan put in place was appropriate. It said that as Ms M opted not to complete the income and expenditure assessment a plan hadn't been able to be put in place.

Because of the issues with the reporting to one of the credit reference agencies and the information Ms M was initially provided with in response to this concern and the confusion caused by the information provided through the automated system and her bank statements it paid her £300 compensation.

Ms M referred her complaint to this service.

Our investigator didn't uphold this complaint. He thought the £300 compensation paid for the service issues Ms M had experienced was reasonable.

Ms M didn't accept our investigator's view. She said the default was on her account for five years and visible in any credit check. She said her concerns were dismissed twice before Barclaycard made any attempt to investigate and she said she still hadn't received any explanation as to why her credit report with a credit reference agency wasn't updated monthly. She said she wasn't satisfied with the amount of compensation and said it hadn't been explained how this had been calculated. She referenced information about a good credit score saving an individual on average over £5,000 in interest but noted she only received £300 for five years of her credit file been affected. She also said she wasn't given any choice as to how to receive the compensation.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Ms M has raised several concerns about the service she has been provided with by Barclaycard and I note her comments about the impact this has had on her. I have addressed each of the issues below.

Incorrect reporting to a credit reference agency

Ms M has explained that Barclaycard was reporting incorrect information to a credit reference agency for five years. She has said she wasn't aware of this issue during this time. Ms M said that while the default has now been removed this was on her credit file for five years during which she re-mortgaged twice and took out other credit commitments.

From the information provided, it appears that while updates were being correctly provided to certain credit reference agencies, Barclaycard wasn't accurately reporting to another. When a credit provider assesses an application, they will consider several factors before making a lending decision. I cannot say to what extent the failure by Barclaycard to provide accurate updates to a credit reference agency (while reporting correctly to another) will have had on any lending decisions by other credit providers. Without evidence of any specific financial losses arising from this issue, I have considered compensation in terms of the upset and inconvenience Ms M was caused.

Ms M has explained that she wasn't aware of the issue with the reporting for the five years this was happening and so I cannot say that it caused her any distress during that time. I have therefore considered the upset caused when she identified the issue and the service she experienced when trying to understand why this was happening and get the issue resolved.

Response by Barclaycard when issue raised about incorrect reporting

Ms M raised her concerns about the reporting to her credit file with Barclaycard. It responded to say that it didn't report directly to the credit report provider Ms M had noted. While this

was correct, Barclaycard then acknowledged in its final response letter that the credit report provider Ms M had noted received information from a credit reference agency that Barclaycard did report to, and it was this reporting that was incorrect.

I do not find that Barclaycard provided Ms M with the service it should have when she raised her concerns and Barclaycard has accepted this. Had Barclaycard investigated the concerns raised by Ms M more fully when she first raised these the issue with the reporting could have been identified and resolved sooner.

I appreciate that Ms M wants further explanation as to why this situation occurred and why it wasn't adequately dealt with when she first raised it. But as Barclaycard has acknowledged the issue with not making the connection between the credit report cited and its reporting, I do not require it to provide any further details about this. In its final response letter, Barclaycard said that it was unsure why updates were being provided to some credit reference agencies and not others. I understand that Ms M wants a more detailed explanation as to why the issue arose. While I do not require Barclaycard to provide further information - and instead think it reasonable that it took action to resolve the issue - I have considered the information provided and the upset caused to Ms M by Barclaycard's response to her concerns when considering what is a reasonable amount of compensation.

Account closure

Ms M has said that she wasn't aware that her account had been closed. Barclaycard has accepted that Ms M was incorrectly told her account had been closed in 2018 and that instead the account was closed in 2010. I have considered the incorrect information about the date of the account closure as part of my assessment of the overall service issues raised. But I find that Ms M should've been reasonably aware that her account had been closed. Given when the account was closed, I accept that the information issued at that time isn't available, but I have seen a copy of a letter sent in December 2017 which explained the account was closed and the actions that needed to be taken.

I note Ms M's comment that if there were letters referring to her account being closed on Barclaycard's system then when she spoke to advisers, they should have been able to provide accurate information about this. I understand the point that is being made but as Ms M's account was closed and I find that she should have been reasonably aware of this, I have only considered the impact of being told an incorrect date of closure.

Payment plan

Ms M has said that a payment plan wasn't put in place because she didn't want to complete an income and expenditure assessment. I appreciate her concerns about this process, but Barclaycard has a responsibility to ensure that any payment plans are affordable for the customer. Part of this process is to complete an income and expenditure assessment. So, while I appreciate Ms M didn't wish to do this, I cannot say that Barclaycard was wrong to not put a payment plan in place without it.

Confusing information provided across Barclaycard's systems.

I can understand why Ms M raised concerns about the seemingly conflicting information she received when contacting Barclaycard about the status of her account. Barclaycard has explained that as Ms M's account is closed her available limit is zero. It noted the information about a cash withdrawal limit and said this was a standard feature of the card but should be disregarded as Ms M's account was closed. It further explained that while an account is closed the credit limit can't be removed and that its automated system picked up the information from the system regarding the limit. I accept this explains the information Ms M

received and clarified the status of her account, but I think that Barclaycard should take on board Ms M's comment about the information a consumer receives through the different contact routes and confusion this can cause.

Compensation

I understand that Ms M has settled her account, and this is now reflected correctly with the credit reference agencies. In this case it isn't disputed that Ms M didn't receive the service she should have from Barclaycard, and I agree that she should be compensated for this. I understand that Ms M doesn't consider £300 to be sufficient compensation but I find this amount reasonable. I note Ms M's comment about the value of a good credit score and that her credit file was affected for five years. But, as noted above there are several factors used by credit providers when assessing credit decisions and I do not have evidence to show that the issue with Barclaycard's reporting had a financial impact on Ms M.

I have therefore considered the compensation for the service Ms M received. Barclaycard didn't adequately address Ms M's concerns about the credit reporting when she first raised these and provided incorrect information about her account closure date. Ms M was caused distress and inconvenience by the incorrect reporting and trying to resolve this, and she was also confused by the information she received through Barclaycard's systems. Taking all of this into account, I think that the £300 compensation paid is reasonable.

I know that Ms M will be disappointed by my decision, but my role isn't to punish the bank but where mistakes have been made to ensure the customer is put back in the position they would have been had these not happened, and where appropriate, award compensation. In this case, the issues raised about the reporting have been resolved and Barclaycard has provided explanations for the other issues raised. Taking this into account I think the compensation paid is reasonable. I note Ms M's comment about this being paid without her receiving a choice about how to receive this, but I do not find I can say that Barclaycard was wrong to make a payment in response to the issues raised.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 20 June 2024.

Jane Archer
Ombudsman